

MICHIGAN SBT 2006

Single Business Tax



Forms and Instructions

Important Information for 2006 . . .

The Single Business Tax (SBT) Tax Rate is 1.9 percent.

SBT e-file. It's easy, fast and secure! See pages 2 and 3 for more information.

Calendar year 2006 returns are due April 30, 2007.
Fiscal year filers, see page 7.

Web Self-Service is available. See page 3.

For more information, see page 3 or visit Treasury's Web site at www.michigan.gov/treasury

For questions or information, contact Treasury at:

Customer Contact Division, SBT Unit
Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909
(517) 636-4700

Unclaimed Property Reporting for Businesses

Michigan's Uniform Unclaimed Property Act (PA 29 of 1995) requires holders of unclaimed property to report and remit property belonging to owners who cannot be located or for whom there is no known address. Every business that has uncashed checks (payroll, vendor, dividends, etc.) must file a report and turn the funds over to the Michigan Department of Treasury, Unclaimed Property Division. Unclaimed property could also include cash, deposits, interest, stocks* or contents from safe deposit boxes.

Section 31 (2) of the Uniform Unclaimed Property Act gives the State Treasurer the authority to conduct unclaimed property examinations to determine compliance with the Act.

WHO MUST REPORT. Every individual, partnership or corporation who has unclaimed property belonging to someone whose last known address is in Michigan must report. If the owner's last known address is in another state or country and the holder does not report under the provisions of that state or country, then report those interests to Michigan.

DORMANCY PERIODS. Generally, property in your custody that belongs to someone else and has gone unclaimed for five years must be reported. However, dormancy periods will vary based on the type of property. Visit Treasury's Web site at www.michigan.gov/unclaimedproperty for more detailed information about dormancy periods.

*A 2004 law change reduced the dormancy period for reporting stock and dividends from seven to **three** years.

REPORTING DUE DATE. Holder reports are due by November 1 each year and must contain all items considered unclaimed as of June 30. Enclose payment with the report to cover the amount reported. If you have unclaimed property and fail to pay or deliver it timely to the State of Michigan, you may be liable for interest at the current monthly rate of 1 percentage point above the adjusted prime rate on the value of the property. Civil penalties may also apply for not filing.

CLAIMING FUNDS. To check if funds are being held for you, your family or your business entity, visit Treasury's Web site at www.michigan.gov/unclaimedproperty.

FOR MORE INFORMATION. Visit our Web site or write to Unclaimed Property Division, Michigan Department of Treasury, P.O. Box 30756, Lansing, MI 48909, or call 517-636-5320.

The following companies have indicated their commitment to develop software for Michigan SBT e-file.

AcTax Solutions, Inc.
www.taxexactpro.com

ATX
www.atxinc.com

CCH, a Wolters Kluwer business
www.CCHGroup.com

CORPTax, LLC
www.corptax.com

Data Technology Group, Inc.
www.taxdimensions.com

Drake Software
www.drakesoftware.com

GreatLand Corporation
www.greatax.com

Intuit Inc.
www.intuit.com

Lacerte
www.lacertesoftware.com

Lamson Tech
www.lamsontech.com

Tax\$imple, Inc.
www.taxsimple.com

TaxEngine
www.taxengine.com

Taxsation Inc.
www.taxsation.com

Tax Technologies, Inc.
www.taxtechnologies.com

TaxWise
www.taxwise.com

TaxWorks, LLC
www.taxworks.com

Thomson Tax & Accounting
www.CreativeSolutions.Thomson.com
www.GoSystem.Thomson.com
www.InSource.Thomson.com

TRE Financial Services
www.trefs.com

USA Tax Systems, LLC
www.usataxsystems.com

Vertex, Inc.
www.vertexinc.com

SBT e-file Transmitter only:
Profit Developers, Inc.
www.profitdevelopers.com
www.efileinterchange.com



For more information on SBT Direct e-file and Fed/State 1120/1065 e-file programs, visit www.michigan.gov/sbtefile

You may need to contact the above companies to determine when their software will be available. Additional company contact information is available on Treasury's Web site.

Important Information for 2006

Treasury is pleased to offer the following service available 24 hours a day, 7 days a week.

E-filing of Single Business Tax (SBT) Returns

Software developers have been advised that they must support e-file for all SBT forms that are included in their tax preparation software. Therefore, all eligible SBT returns prepared using software must be e-filed. Beginning January 2007 there are two options for e-filing SBT returns: through Michigan's existing Internet Portal (SBT Direct e-file) or through the IRS Fed/State 1120/1065 e-file program.

Treasury will issue a Customer Service Number (CSN) to active SBT taxpayers that filed Form C-8000, C-8030 (for registered taxpayers) or C-8044 in the last two years in time to file their SBT return(s). The CSN is used in conjunction with shared secrets to sign your e-filed SBT return when using the SBT Direct e-file Program or when e-filing a State Stand-Alone return using the Fed/State 1120/1065 e-file program.

If you are currently filing under a TR number (Treasury assigned), in order to take advantage of e-file you will need to file future returns using a Federal Employer Identification Number (FEIN). If you have not applied for an FEIN, contact the Internal Revenue Service (IRS). Additional information and forms to apply for an FEIN are available on the IRS Web site or by calling the IRS at 1-800-829-4933 and registering over the phone.

For more information and program updates, visit our Web site at www.michigan.gov/sbtefile.

IRS e-file Requirements for Corporations

Certain large and midsize corporations are required to electronically file their Forms 1120 and 1120S. Other corporations may do so voluntarily. For tax years ending on or after December 31, 2006, corporations and tax-exempt organizations with \$10 million or more in total assets who file 250 or more returns in a year are required to e-file. In addition, private foundations and charitable trusts will be required to e-file Form 990-PF, regardless of their asset size if they file 250 or more returns a year. Visit www.irs.gov for more information.

Internet Services

Access Treasury's Web self-service site at www.michigan.gov/bustax for the following service options:

- Register for business taxes
- Access your Customer Service Number (CSN)
- Check if your return has been received
- Check if your refund has been issued, and when
- Ask Treasury a question

- Review Frequently Asked Questions
- Check estimated payments
- Request copies of returns filed
- Obtain copies of current and prior year tax forms at michigan.gov/treasury.

① **Note:** To get return information using the Internet, you must have the filer's Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) number, gross receipts and organization type.

Legislative Changes

Partial Credit for Industrial Personal Property Taxes. PA 289 of 2005 adds a refundable SBT credit equal to 15 percent of personal property tax paid on industrial personal property, for tax years beginning in 2006. "Industrial personal property" means property classified as industrial personal property under MCL 211.34c. This credit is limited to taxes levied after 2005 and actually paid (cash basis) in 2006. A similar credit continues into 2007 through 2009 under PA 290 through 292 of 2005.

Changed Weighting of Apportionment Factors. PA 295 of 2005 changes the weighting of apportionment factors from 90 percent sales, 5 percent property, and 5 percent payroll to 92.5 percent sales, 3.75 percent property and 3.75 percent payroll. This applies to tax years 2006 and 2007.

Hybrid Technology Research and Development Credit. For tax years beginning after 2005 and ending before 2016, PA 323 of 2006 creates a refundable credit equal to 3.9 percent of compensation paid to employees in a qualified facility for hybrid technology research and development. This credit is only available for a taxpayer operating under an agreement with the Michigan Economic Growth Authority signed before April 1, 2007.

Brownfield and Historic Rehabilitation Credits after 2007. The SBT is now repealed on business activity in this state after December 31, 2007. PA 240 of 2006 provides that if a brownfield redevelopment or historic rehabilitation project is approved before 2007 and completed after the taxpayer's last tax year (tax year beginning in 2007) under the SBT Act but before 2010, the taxpayer may claim the credit on an amended return for its last year under the SBT Act. If this retroactive credit exceeds the tax liability for that final year, the credit is refundable. These protections, designed in response to the repeal of SBT, also are available to any valid assignee of the credit.

General Information

This booklet is intended as a guide to help you complete your return; it does not take the place of the law.

Single Business Tax (SBT)

The SBT is the only general business tax levied by the State of Michigan. The SBT replaced profits-based taxation with value-added taxation.

Complete Federal Tax Forms First

Before preparing SBT returns, complete all federal tax forms. These forms may include:

- ✓ **Individuals, Partnerships or Fiduciaries** - U.S. 1040, 1041, 1065 and related Schedules C, C-EZ, D, E, K, 4797 and 8825.
- ✓ **Corporations** - U.S. 1120, 1120-A, 1120-S and Schedule D, K, 851, 940, 4562, 4797 and 8825.
- ✓ **Limited Liability Companies (LLC's)** - federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete the Michigan SBT return.

Completing Michigan Forms

The Michigan Department of Treasury uses scanning equipment to capture the information from paper SBT returns. To avoid unnecessary delays caused by manual processing, please follow the guidelines below so that your return is processed quickly and accurately.

- **Use Black or Blue Ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print Using Capital Letters (UPPER CASE).** Capital letters are easier to recognize.
- **Print Numbers Like This: 0123456789**
Do **not** put a slash through the zero (0) or seven (7).
- **Leave Lines/Boxes Blank** if they do not apply to you or if the amount is zero.
- **Do Not Write Extra Numbers, Symbols or Notes** on your return, such as cents, dashes, decimal points or dollar signs. Enclose any explanations on a separate sheet unless you are instructed to write explanations on your return.
- **Stay Within the Lines** when entering information in boxes.

Using This Booklet

This SBT booklet includes the forms and instructions

for all single business tax filers. The areas that apply only to a particular organization type are identified with a check mark and by bolding the organization type.

- Example: ✓ **Corporations**
 ✓ **Individuals**

The forms are designed for the calendar year 2006 or for fiscal years beginning in 2006.

Read the General Information. Then review the table of contents on page 79 to help determine which forms and schedules need to be filed and the form number, title and the page(s) of the form(s) and instructions.

To calculate gross receipts and business income, use one of the worksheets on page 18. Select the appropriate worksheet based on the organization of the business.

Information deserving special attention is marked by an information symbol, ⓘ.

Defining Business Activity

Taxable business activity includes:

- Sale or rental of property, whether the property is real, personal, tangible or intangible. For example, rental of a house or lease of a car or sale or rental of property used in a business activity (e.g., the sale of an income-generating apartment complex).
- Performance of services for gain, including services performed outside Michigan. For example, services provided by an independent contractor (e.g., a building contractor or plumber).

Nontaxable business activity includes:

- Services provided by an employee to his or her employer only
- Services as a director of a corporation
- A casual transaction (e.g., sale of personal residence).

Filing an SBT Annual Return

Every person who is engaged in business activity in Michigan and whose **apportioned or allocated gross receipts** are \$350,000 or more must file an annual return.

See Form C-8000S, *SBT Reductions to Adjusted Tax Base*, on page 57, Part 2, lines 9-11 for calculation. In these instructions, **person** means an individual, firm, bank, financial institution, limited partnership, copartnership, partnership, joint venture, association, corporation, receiver, estate, trust, limited liability company or any other combination acting as a unit for business purposes.

Businesses operating less than 12 months should annualize gross receipts to determine whether or not to file. See page 6 for more information.

A member of an affiliated group, a controlled group of corporations or an entity under common control must sum its members' apportioned or allocated gross receipts on Form C-8010AGR, *SBT Adjusted Gross Receipts for Controlled Groups*, on page 65 to determine if members of the group need to file. Do not include members whose apportioned or allocated gross receipts are less than \$100,000; these members are not required to file an SBT return. If the sum of the members apportioned or allocated gross receipts are \$350,000 or more, all members with apportioned or allocated gross receipts that equal \$100,000 or more must file an annual return.

Members whose apportioned or allocated gross receipts are less than \$100,000 must include their business activity when computing a small business credit on Form C-8009, *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups*. These members must also include their apportioned or allocated gross receipts to determine the group's Investment Tax Credit (ITC) adjusted gross receipts percentage.

If apportioned or allocated gross receipts are below the filing requirement, there is no legal obligation to file a return. If registered for SBT, notify the Department of Treasury immediately that no liability exists to prevent future inquiries by the Department. File Form C-8030, *Single Business Tax Notice of No SBT Return Required*, to avoid further correspondence from the Department.

However, if the Department is not expecting a return, there is no need to file. Form C-8030 does not constitute a return, and does not affect the statutory limitation period for refunds or assessments.

- ✓ **Unincorporated businesses - A husband and wife** who file their U.S. 1040 as "married filing jointly" but own separate businesses, maintain separate records and file separate federal *Schedule C* forms, must file separate SBT returns. If a husband and wife have jointly-owned rental property and file a federal *Schedule E*, a separate SBT return must be filed for the jointly-owned rental property. The SBT return for the jointly-owned property must be reported as part of a controlled group with at least one spouse's SBT return.
- ✓ **Individual - If a person owns more than one business that is registered as individual** (e.g., a grocery store and rental property), file one SBT return and use the combined apportioned or allocated gross receipts to determine filing requirements.

✓ **Joint ventures** and other groups engaged in a business as a unit (e.g., real estate owned jointly by two individuals who have not treated their relationship as a partnership) must file an annual return as a partnership. This does not include husband/wife ventures.

✓ **Fiduciaries** filing for estates or trusts engaged in business activity must file an SBT return and report the total business activity. Beneficiaries are not required to file an SBT return or pay the tax on their distributive shares. If a grantor trust is engaged in business, the grantor or owner must file. To determine credits, follow the guidelines for individuals.

① **Reminder:** Partners and shareholders may have to pay tax on their share of income from a partnership or S Corporation. For a partner or shareholder who is an **individual**, this share of business income is taxed under the Michigan Individual Income Tax Act. For a **partner or shareholder who is a business, not an individual, subject to SBT**, this income must be subtracted (add losses) on the SBT annual return filed for the corporation or other partnership to the extent that it was included in arriving at business income.

Exception: If this partner/shareholder has no Michigan business activity other than its interest in the partnership or S Corporation, the partner/shareholder itself is not subject to SBT and is not required to file a return. However, the partner/shareholder may be subject to Michigan Income Tax.

Exemption Guidelines for the SBT

The following may be exempt from the Single Business Tax:

- Most persons who are exempt from federal income tax under the Internal Revenue Code (IRC)
- Nonprofit cooperative housing corporations
- Farmers producing agricultural goods. For more information see *Revenue Administrative Bulletin (RAB) 1989-47* at www.michigan.gov/bustax.

If a taxpayer is exempt, but has unrelated business taxable income as defined in the IRC, that business activity is subject to the SBT and a return will be required if the apportioned or allocated gross receipts are \$350,000 or more for the unrelated business activity.

For a complete list of exemptions, consult a copy of the SBT Act (PA 228 of 1975, as amended).

If a taxpayer is exempt and has no unrelated business income, filing an SBT return is not required. All requests to remove names from Treasury's mailing list should be directed to the Treasury Registration Unit at 517-636-4660.

Filing the Correct Form

File Form C-8030 if:

Taxpayer is registered for SBT and apportioned or allocated gross receipts are less than \$350,000, no refund is claimed, no business loss carryforward from this year or previous years is used and there is no Investment Tax Credit (ITC). Form C-8030 is not a return.

File Form C-8044 if:

- Apportioned or allocated gross receipts are less than \$350,000 and a refund is claimed (skip lines 9-15 and 21-24); or
- Apportioned or allocated gross receipts are \$350,000 or more, the criteria on the form is met and the alternate tax rate is used.

File Form C-8000 if:

- Business activity is apportioned; or
- Apportioned or allocated gross receipts are \$350,000 or more; or
- Apportioned or allocated gross receipts are less than \$350,000 and a refund is claimed; or
- Apportioned or allocated gross receipts are less than \$350,000 and a business loss carryforward is reported or a business loss from a preceding year is used; or
- Apportioned or allocated gross receipts are less than \$350,000 and an ITC is claimed; or
- The alternate tax is calculated but the reduced credit must be used; or
- The taxpayer is a member of a controlled group and apportioned or allocated gross receipts are equal to or greater than \$100,000.

The C-8000 is the only form which will guarantee the calculation of the lowest tax liability. This list does not cover all situations. See the instructions for each form for more information.

Filing SBT Quarterly Tax Estimates

If annual SBT liability is expected to be more than \$600, quarterly estimates must be filed. If the tax year was less than 12 months (e.g., a business opened or closed during the year), annualize the tax to see if estimates must be filed.

The Department of Treasury sends personalized quarterly forms (Form C-8002) to each registered estimate filer, except those paying SBT using Form 160, *Combined Return for Michigan Taxes*. To speed the posting of accounts and improve the accuracy of payment information, use personalized forms. Do not duplicate personalized forms or use a form that has someone else's name on it.

If business activity in Michigan existed in 2006 and the 2006 tax is \$20,000 or less, use the amount of the

2006 tax liability as the estimate for the 2007 annual tax. To avoid penalty and interest, divide the 2006 tax by 4 (e.g., $\$20,000 \div 4 = \$5,000$) and pay that amount by each of the 2007 quarterly due dates. Alternatively, divide the amount by 12 and pay it with monthly sales, use or withholding tax payment (e.g., $\$20,000 \div 12 = \$1,666.67$).

If a previous tax year was less than 12 months, annualize the previous year's tax liability to determine if estimates are due and the amount due.

If business activity in Michigan existed in 2006 but there was no reported tax liability nor was the taxpayer required to file a 2006 return, estimated payments are not required for 2007. If estimated payments were made during 2006 and later it was found that adjusted gross receipts did not meet the filing requirements, file an annual return to claim a refund or credit forward of payments.

Amending estimates: If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

Filing if Tax Year Is Less Than 12 Months

Annual returns must be filed for the same period as federal income tax returns. If a business operated less than 12 months, annualize to determine which forms to file and the eligibility for a standard small business tax credit or the alternate tax. Annualized business income will also determine the amount of an unincorporated credit. Do not use annualized numbers on a return; use them only to determine filing requirements and qualifications for credits.

Annualizing: Multiply each amount, total gross receipts, business income, and shareholder's, officer's and partner's income by 12 and divide the result by the number of months the business operated. A business is considered in business for one month if the business operated for more than half the days of the month.

- If annualized apportioned or allocated gross receipts are \$350,000 or more, file an annual return. Annualized apportioned or allocated gross receipts plus Capital Acquisition Deduction (CAD) recapture and ITC recapture are also used to determine the ITC adjusted gross receipts percentage for the year. If annualized gross receipts are more than \$10,000,000, the taxpayer is not eligible for the standard small business credit or the alternate tax.
- Annualize shareholders', officers' and partners' compensation and share of business income. If any shareholder or officer has annualized allocated income more than \$115,000 after loss adjustment,

or any partner has a distributive share more than \$115,000 on Form C-8000KP, column E, or Form C-8000KC, columns K or M, the taxpayer is not eligible for the standard small business credit or the alternate tax. If annualized allocated income or distributive share is more than \$95,000 but not more than \$115,000, the annualized figure will determine the reduction to the small business credit.

- Annualize business income to determine the credit percentage used to compute the unincorporated/S Corporation credit. If the annualized adjusted business income after loss adjustment is more than \$475,000, the taxpayer is not eligible for the standard small business credit or the alternate tax.

Prorating: The statutory exemption must be prorated, including increased exemptions. Use Form C-8043, *SBT Statutory Exemption Schedule*.

- ✓ **Individuals and Fiduciaries** - A business registered as individual or fiduciary that is in business less than 12 months is not required to annualize. However, the statutory exemption must be prorated for the number of months of business activity reported. Complete lines 11 and 12 of Form C-8043.

Filing Consolidated Returns

- ✓ **Corporations** - An affiliated group of corporations may file a consolidated or combined return only with prior approval from the State Treasurer. To request approval, file Form C-8007, *Request for Consolidated or Combined Filing*, before the due date of the parent corporation's annual return. This form is available online at www.michigan.gov/treasury. See RAB 1989-49 for additional information.

Filing Returns on Due Date

Annual returns are due on or before the last day of the 4th month after the end of your tax year. For example: A return for calendar year 2006 is due April 30, 2007. A return for a fiscal year ending March 31, 2007, is due July 31, 2007.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing Form 4, *Application for Extension of Time to File Michigan Tax Returns*.

Filing a federal extension request with the Internal Revenue Service (IRS) does not automatically grant a Michigan SBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

Extension applications must be postmarked on or before the original due date of an annual return.

Although the Michigan Department of Treasury will grant extensions for filing SBT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return and an extension may be granted. It is important that the application is completed correctly.

Once an application and proper payment are received, Michigan will grant an extension for the same length of time as a federal extension, if applicable, plus 60 days. If a federal extension has not been granted, Treasury will grant an additional 180 days to file.

For example, if an SBT extension is granted, a 2006 calendar-year filer requesting a Michigan extension who also has a federal extension, will be granted a new return due date of December 31, 2007. The same filer without a federal extension has an SBT due date of October 31, 2007.

A written response will be sent to the legal address on file when a valid extension application is received.

If an SBT extension is filed on time, but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

❶ **Important:** If no tax is owed, there is no need to file an extension with Michigan by the due date of the return **to avoid penalty**. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend a current annual return, complete either Form C-8000X or Form C-8044X.

To amend an annual return for a year before 1995, use the appropriate year's return and print **"AMENDED"** at the top.

See page 8 for how to request current or past forms.

To amend a return to claim a refund, file within four years of the due date of the original return. Interest will be paid beginning 45 days after the claim is filed or the due date, whichever is later.

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to a federal income tax return that affect an SBT tax base, filing an amended 7

return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using Form C-8020, *SBT Penalty and Interest Computation for Underpaid Estimated Tax*, on page 67. If a taxpayer prefers not to file this form, Treasury will compute the penalty and interest and send a bill.

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the prime rate for each six-month period.

<u>Beginning date</u>	<u>Rate</u>	<u>Daily Rate</u>
January 1, 2006	7.2%	.0001973
July 1, 2006	8.2%	.0002245
January 1, 2007	9.1%	.0002493

For a complete list of interest rates, see RAB 2006-4 on Treasury's Web site at www.michigan.gov/treasury

Formatting Amounts Entered on SBT Forms

- **Losses:** Report losses and negative amounts in parentheses. For example, (22,459.00).
- **Percentages:** Carry all percentages to six decimal places. Do not round percentages. For example, 24.154256 percent becomes 24.1542 percent (.241542).
- **Round dollar amounts:** Report all amounts in whole dollars. Round up amounts of 50¢ or more. Round down amounts of 49¢ or less.

Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, officer's agent or association member.

If someone other than the above prepared the return, the preparer must also sign it and give his or her business address and telephone number.

Print the name of the taxpayer and preparer in the appropriate area on the return.

Assemble your returns and attachments and staple in the upper left corner. (Do not staple your check to your return.)

Important Reminder: Failure to include all the required attachments with your return will delay processing and may result in reduced or denied refund/credit forward or a bill for tax due.

Mailing the Return

Mail your annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
Department 77375
P.O. Box 77000
Detroit, MI 48277-0375

Without payment:

Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
Department 78205
P.O. Box 78000
Detroit, MI 48278-0205

Mail quarterly estimate payments (Form C-8002) to:

Michigan Department of Treasury
Dept. 77889
Detroit, MI 48277-0889

Courier delivery service mail should be sent to:

Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

Make all checks payable to "State of Michigan." Write your Federal Employer Identification Number (FEIN) or TR number and "SBT" on the check.

Correspondence

- **Address changes** and business discontinuance can be reported by using Form 163, *Notice of Change or Discontinuance*, which can be found online at www.michigan.gov/treasury or inside the Sales, Use and Withholding Tax booklet. Business discontinuance can also be reported on line 6 of Form C-8000, *SBT Annual Return*, or Form C-8044, *SBT Simplified Return*.

• Mail Correspondence to:

Customer Contact Division, SBT Unit
Michigan Department of Treasury
P.O. Box 30059
Lansing, MI 48909

To Request Forms

- **Internet:** Current and past year forms are available on Treasury's Web site: www.michigan.gov/treasury
- **Phone:** Call toll-free 1-800-367-6263 to have business tax forms mailed to you.

Revenue Administrative Bulletins
For a complete list go to www.michigan.gov/bustax.

<u>Number</u>	<u>Title</u>
2006-4	Interest Rate
2006-1	List of Certified Community Foundations for Tax Year 2005 Single Business Tax Credit and Income Tax Credit
2005-3	Penalty Provisions
2002-16	Single Business Tax - Financial Organizations Defined
2002-14	Apportionment Sourcing for Financial Organizations
1998-1	Single Business Tax Nexus Standards
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1995-10	Income Tax - Single Business Tax Community Foundation Credit Extended
1994-12	Single Business Tax and Individual Income Tax Treatment of an Election Under Internal Revenue Code Section 338
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1993-14	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1993-10	Enterprise Zone Act. Sales and Use Tax Exemptions and Single Business Tax Credit
1992-10	Income and Single Business Taxes - Credit for Cash Donations to Eligible Shelters for the Homeless, Food Kitchens and Food Banks
1992-3	Single Business Tax, Capital Acquisition Deduction
1990-35	Single Business Tax Treatment of Terminated Pension Plans
1989-54	Single Business Taxation of Real Estate Mortgage Investment Conduits (REMICs)
1989-51	Single Business Tax, Small Business Credit and Statutory Exemption for Part-Year Shareholders/Partners
1989-49	Single Business Tax, Consolidated or Combined Reporting
1989-48	Single Business Tax, Entities Under Common Control
1989-47	Single Business Tax, Agriculture Exemption
1989-38	Officer Liability
1987-6	Single Business Tax Estimates

Single Business Tax (SBT) forms contained in this book (pages 11 to 74) are posted separately. Select and print the form you need from the list below.

<u>Forms</u>	<u>Page No.</u>
C-8000, SBT Annual Return	11-18
C-8044, SBT Simplified Return	19-22
C-8000C, SBT Credit for Small Businesses and Contribution Credits	23-26
3307, SBT Loss Adjustment Worksheet for Small Business Credit	27-28
C-8000D, SBT Recapture of Capital Acquisition Deduction	29-32
C-8000G, SBT Statutory Exemption/Business Income Averaging	33-34
C-8000H, SBT Apportionment Formula	35-38
C-8000ITC, SBT Investment Tax Credit	39-42
C-8000KC, SBT Schedule of Shareholders and Officers	43-46
C-8000KP, SBT Schedule of Partners	47-48
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Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2006.

- | | |
|---|---|
| <p>01 Albion Community Foundation
56 Allegan County Community Foundation
 Saugatuck/Douglas Area Community Fund
63 Anchor Bay Community Foundation
02 Ann Arbor Area Community Foundation
 Community Foundation of Plymouth
 Ypsilanti Area Community Fund
49 Baraga County Community Foundation
58 Barry Community Foundation
17 Battle Creek Community Foundation
 Athens Area Community Foundation
 Homer Area Community Foundation
 Springfield Area Community Foundation
03 Bay Area Community Foundation
 Arenac County Fund
04 Berrien Community Foundation
45 Branch County Community Foundation
36 Cadillac Area Community Foundation
 Missaukee Area Community Foundation Fund
64 Canton Community Foundation
06 Capital Region Community Foundation
 Eaton County Community Foundation
66 Central Montcalm Community Foundation
44 Charlevoix County Community Foundation
28 Community Foundation for Muskegon County
 Mason County Community Foundation
 Oceana County Community Foundation
29 Community Foundation for Northeast Michigan
 Iosco County Community Foundation
 North Central Michigan Community Foundation
 Straits Area Community Foundation
09 Community Foundation for Southeast Michigan
 Chelsea Community Foundation
 Community Foundation for Livingston County
10 Community Foundation of Greater Flint
 Clio Area Community Fund
 Fenton Community Fund
 Flushing Area Community Fund
 Grand Blanc Community Fund
19 Community Foundation of Greater Rochester
11 Community Foundation of Monroe County
 Greater Milan Area Foundation
 The Bedford Foundation
35 Community Foundation of St. Clair County
20 Community Foundation of the Holland/Zeeland Area
54 Community Foundation of the Upper Peninsula
 Alger Regional Community Foundation
 Chippewa County Community Foundation
 Community Foundation for Delta County
 Gogebic-Ontonagon Community Foundation
 Les Cheneaux Area Community Fund
 Schoolcraft County Community Foundation
 St. Ignace Area Community Foundation
 Tahquamenon Falls Area Community Foundation
 West Iron County Area Community Fund
72 Community Foundation of Troy
50 Dickinson County Area Community Foundation
 Crystal Falls/Forest Park Area Community Fund
 Norway Area Community Fund
13 Four County Community Foundation
14 Fremont Area Community Foundation</p> | <p> Lake County Community Foundation
 Mecosta County Community Foundation
 Osceola County Community Foundation
15 Grand Haven Area Community Foundation
 Allendale Community Foundation
 Coopersville Area Community Foundation
16 Grand Rapids Community Foundation
 Cascade Community Foundation
 Ionia County Community Foundation
 Lowell Area Community Fund
 Southeast Ottawa Community Foundation
 Sparta Community Foundation
 Wyoming Community Foundation
46 Grand Traverse Regional Community Foundation
48 Gratiot County Community Foundation
18 Greater Frankenmuth Area Community Foundation
37 Greenville Area Community Foundation
 Lakeview Area Community Fund
 Montcalm Panhandle Community Fund
43 Hillsdale County Community Foundation
60 Huron County Community Foundation
21 Jackson County Community Foundation
22 Kalamazoo Community Foundation
 Bangor Area Community Foundation
 Covert Township Community Foundation
 South Haven Community Foundation
67 Keweenaw Community Foundation
77 Lapeer County Community Foundation
23 Leelanau Township Community Foundation
62 Lenawee Community Foundation
55 Livonia Community Foundation
25 M & M Area Community Foundation
65 Mackinac Island Community Foundation
24 Manistee County Community Foundation
39 Marquette Community Foundation
 Greater Ishpeming Area Community Fund
 Gwinn Area Community Fund
 Negaunee Area Community Fund
26 Marshall Community Foundation
05 Michigan Gateway Community Foundation
27 Midland Area Community Foundation
 Clare County Community Foundation
 Gladwin County Endowment Fund
42 Mt. Pleasant Area Community Foundation
 Shepherd Community Fund
68 Northville Community Foundation
75 Otsego County Community Foundation
47 Petoskey-Harbor Springs Area Community Foundation
76 Roscommon County Community Foundation
30 Saginaw Community Foundation
 Chesaning Area Community Foundation Fund
61 Sanilac County Community Foundation
71 Shelby Community Foundation
31 Shiawassee Community Foundation
78 South Haven Community Foundation
57 Southfield Community Foundation
74 Sterling Heights Community Foundation
40 Sturgis Area Community Foundation
 Constantine Area Community Foundation
 White Pigeon Area Community Foundation
32 Three Rivers Area Community Foundation
73 Tuscola County Community Foundation</p> |
|---|---|

Quick Reference Guide to Forms and Schedules Required Under Certain Conditions

Condition	Form to Use
Business activity taxable in another state	C-8000H
Business Income Averaging for Individuals, Partnerships, Fiduciaries and LLCs	C-8000G
Controlled Groups:	
Calculate Adjusted Gross Receipts	C-8010AGR
Small Business Credit/Alternate Tax (also attach)	C-8009
Statutory Exemption	C-8009
Credits:	
Apprenticeship	C-8000MC
Brownfield	C-8000MC
Community Foundation	C-8000C
Created Jobs	C-8000MC
Hybrid Technology Research and Development	C-8000MC
Industrial Personal Property Tax	C-8000MC
Donated Vehicle	C-8000MC
Enterprise Zone	C-8000MC
Historic Preservation	C-8000MC
Homeless Shelter/Food Bank	C-8000C
Investment Tax Credit	C-8000ITC
Michigan Economic Growth Authority Business Activity Tax (MEGA)	C-8000MC
Michigan Economic Growth Authority Employment Tax (MEGA)	C-8000MC
Next Energy	C-8000MC
Pharmaceutical	C-8000MC
Public Contribution	C-8000C
Public Utility Property Tax	C-8000C
Qualified Start-Up Business	C-8000MC
Renaissance Zone	C-8000MC
Small Business/Alternate Tax	C-8000C
Controlled groups also attach	C-8009
Corporations also attach	C-8000KC
Loss Adjustment Worksheet, attach if needed	3307
Partnerships also attach	C-8000KP
Unincorporated	C-8000 or C-8044
Workers Disability Supplemental Benefit (WDSB)	C-8000MC
Extension of time to file Michigan tax returns	4
Penalty and interest for underpayment, late filing or late payment of estimates	C-8020
Recapture of Capital Acquisition Deduction	C-8000D
Reductions to adjusted tax base, excess compensation or gross receipts	C-8000S
Statutory Exemption	C-8043
Controlled groups also attach	C-8009
Partnerships also attach	C-8000KP
Professional Corporations also attach	C-8000KC
S Corporations also attach	C-8000KC

ORGANIZATION TYPE REFERENCE GUIDE

Organization Type

	Individual/ Fiduciary	Professional Corp.	S Corporation	Other Corp.	Partnership / LLC-Partnership / LLC S Corp.	Limited Liability Co.-Corp
Annualize if less than 12 months	N	Y	Y	Y	Y	Y
Prorate Statutory Exemption	Y	Y	Y	Y	Y	Y
Business Income Averaging	Y	N	N	N	Y	Y
Contribution Credits						
Community Foundation	*	Y	Y	Y	Y	Y
Homeless Shelter/Food Bank	*	Y	Y	Y	Y	Y
Public Contribution	N	Y	Y	Y	Y	Y
Public Utility	N	Y	Y	Y	N	N
Unincorporated	Y	N	Y	N	Y	Y
File Consolidated (with prior approval)	N	Y	Y	Y	N	N
Increase Statutory Exemption	N	Y	Y	N	Y	N

*Yes, if not claiming under Section 261 of the Income Tax Act

NOTICE TO SINGLE BUSINESS TAX FILERS - AMENDED 2003

Adjusted Gross Receipts, Capital Acquisition Deduction Recapture and Investment Tax Credit Recapture

General Summary

Pursuant to P.A. 477 of 2000, “gross receipts” as defined in the Single Business Tax Act includes the entire proceeds from the sale of a depreciable, tangible asset. However, the taxpayer is not required to report the proceeds from the asset sale twice when calculating “adjusted gross receipts” as described in this notice.

Adjusted Gross Receipts

For tax years that begin on or after January 1, 2001, this notice explains the calculation of “adjusted gross receipts” and “gross receipts plus” capital acquisition deduction recapture (CADR) for the following purposes only:

- Gross Receipts Reduction [MCL 208.31(2)]
- Investment Tax Credit Percentage [MCL 208.35a(10)]

This notice does **not** change the calculation of CADR that is added to the tax base under MCL 208.23a.

Note that assets eligible for the Investment Tax Credit (ITC) are not included in the adjusted gross receipts calculation for gross receipts reduction, but are included for purposes of calculating the ITC rate. For gross receipts reduction, only capital acquisition deduction (CAD) assets are included in the calculation. For gross receipts reduction purposes [MCL 208.31(2)], include only the adjustments provided for under Sec. 23b(a) to (g). For ITC percentage purposes [MCL 208.35a(10)], include the adjustments under sections 23b(a) to (g) and 35a(1)(d) to (f).

Explanation and Examples

For tax years that begin on or after January 1, 2001, gross receipts as defined by MCL 208.7(3) includes, among other items, the gross proceeds from the sale of property used in the taxpayer's business activity. When calculating “adjusted gross receipts” for the purposes of the sections cited in the paragraphs above, the taxpayer is required to add certain amounts to gross receipts. The phrase “gross receipts plus adjustments” appears in MCL 208.31(2):

As used in this section, “adjusted tax base” means the tax base allocated or apportioned to this state pursuant to chapter 3 with the adjustments prescribed by sections 23 and 23b and the exemptions prescribed by section 35. If the adjusted tax base exceeds 50% of the *sum of gross receipts plus the adjustments provided in section 23b(a) to (g)*, apportioned or allocated to Michigan with the apportionment fraction calculated pursuant to chapter 3, the adjusted tax base may, at the option of the taxpayer, be reduced by that excess.... MCL 208.31(2)

“Gross receipts” as used in the above section already includes the gross proceeds from the sale of tangible assets that are subject to capital acquisition deduction

recapture. Therefore, to avoid double reporting of these receipts, for purposes of the above-cited sections only, when calculating the adjustments under section 23b(a) to (g), the taxpayer shall subtract the gain from gross receipts or add the loss to gross receipts, as illustrated in the following example:

EXAMPLE: The taxpayer's gross receipts for the tax year are \$90. This includes “sales” of inventory of \$75 and gross proceeds from the sale of an asset subject to CADR of \$15. The sale of the asset resulted in a loss of \$5 for federal income tax purposes. For purposes of calculating gross receipts plus adjustments under section 31(2), the taxpayer starts with gross receipts of \$90, then adds the loss of \$5, for a total adjusted gross receipts of \$95.

The calculation of “adjusted gross receipts” for purposes of determining the percentage rate for the ITC also follows the same reasoning as above. Section 35a(10) describes the “adjusted gross receipts” calculation as follows:

MCL 208.35a(10) As used in subsection (2), “adjusted gross receipts” means the sum of the following:

- *Gross receipts* apportioned or allocated to Michigan with the apportionment fraction calculated pursuant to chapter 3.
- Adjustments provided in section 23b(a) to (g).
- Adjustments provided in subsection (1)(d) to (f).

“Gross receipts”, as that term is used in section 35a(10)(a) [in italics above], already includes the gross proceeds from the sale of tangible assets that are subject to recapture related to the ITC or the CAD. Therefore, the taxpayer shall not include the gross proceeds from the sale of such depreciable, tangible assets again when calculating the adjustments provided in sections 23b(a) to (g) and 35a(1)(d) to (f). The following example demonstrates the adjustments for CAD or ITC recapture as provided by sections 23b(a) to (g) and 35a(1)(d) to (f) (assume the asset was subject to CAD recapture):

EXAMPLE: The taxpayer's gross receipts for the tax year are \$100. This \$100 in total gross receipts includes the gross proceeds from the sale of a depreciable capital asset used in the taxpayer's business activity equaling \$25. The gain for federal income tax purposes on the sale of the asset is \$5. Subtract the gain from gross receipts [\$100 Gross Receipts - \$5 gain on sale of asset = \$95 Adjusted Gross Receipts].

For simplicity, the above examples involve taxpayers not subject to apportionment. However, taxpayers that are subject to apportionment must make similar adjustments to avoid accounting for the same proceeds more than once in the calculation of adjusted gross receipts.

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Purpose: To determine eligibility for the partnership's standard small business credit or alternate tax and which partners qualify for the increased statutory exemption.	
C-8000MC SBT Miscellaneous Credits	49
Purpose: To allow eligible taxpayers to claim refundable and nonrefundable credits.	
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C-8020 SBT Penalty and Interest Computation for Underpaid Estimated Tax	67
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